

City of Detroit

CITY COUNCIL

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TO: Loren Monroe, Auditor General

FROM: Irvin Corley, Jr., Fiscal Analysis Director *ly.*

DATE: May 5, 2008

RE: 2008-2009 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, May 7, 2008 at 2:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Director
Ron Chenault, Budget Department
Norman White, Finance Department
Kerwin Wimberly, Mayor's Office

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Auditor General (50)

FY 2008-2009 Budget Analysis by the Fiscal Analysis Division

Summary

The Office of the Auditor General (OAG) is a Legislative General Fund Agency.

The recommended 2008-2009 budgeted appropriations total \$3,836,118 including \$122,310 for the Risk Management Council. The agency's net tax cost is \$3,836,118, which is \$688,448 more than the 2007-2008 FY.

The Mayor recommends no change in budgeted positions.

2007-2008 Surplus/(Deficit)

A surplus of \$103,000 is projected for the OAG for the current fiscal year ending June 30, 2008. The surplus is due to an appropriations surplus due to vacancies.

Overtime

The Mayor's Proposed Budget has \$32,191 budgeted for overtime which is a \$2,809 (8.03%) decrease from the 2007-2008 FY. As of March 31, 2008, overtime costs for the OAG are \$23,170, which is 66.2% of its annual overtime allocation.

Personnel and Turnover Savings

The Mayor anticipates \$70,804 in turnover savings for this agency. The turnover savings based on six months of savings on two (2) vacant positions in appropriation 11195 Risk Management Council.

Following is information by appropriation comparing budgeted FY 2007-08 positions, March 31, 2008 filled positions and FY 2008-2009 recommended positions.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 07/08 Budget</u>	<u>Mayor's Recommended Turnover</u>
Auditor General (50):					
500010 Admin. & General Office	5	4	5	(1)	\$ -
500020 Auditing-Operations	16	12	16	(4)	\$ -
00261 Auditing Operations	21	16	21	(5)	\$ -
11195 Risk Management Council	2	0	2	(2)	\$ 70,804
TOTAL	<u>23</u>	<u>16</u>	<u>23</u>	<u>(7)</u>	<u>\$ 70,804</u>

Significant Changes in Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
0261	Auditing Operations	The Mayor's Proposed Budget for this appropriation decreases by \$590,001. The decrease is due primarily to a \$660,289 reduction in org 50-0020 Auditing-Operations, consisting of the reduction of \$672,000 decrease in Auditing for the costs associated with the 2008 KPMG single audit, due to the transfer of this item to a new appropriation for accounting purposes, 12680 Auditing - CAFR; offset by salary and wages increases. The decrease is offset by a \$70,288 increase in org 50-0010 Administration & General Office.
11195	Risk Management Council	This appropriation decreases by \$8,744 due to salary and benefits decreases.
12680	Auditing - CAFR	This appropriation new appropriation of \$1.28 million, created for accounting purposes, contains the costs for the 2008 KPMG single audit, and the CAFR (Comprehensive Annual Financial Report).

Auditor General (50)

Budgeted Professional and Contractual Services by Activity	FY 2007-08 <u>Budget</u>	FY 2008-09 <u>Recommended</u>	Increase (Decrease)
Auditing Operations	\$ 722,000	\$ 1,337,193	\$ 615,193
Total	\$ 722,000	\$ 1,337,193	\$ 615,193

Professional contractual services increase by 615,193 (85.2%) in the 2008-09 FY.

Issues and Questions

Does your budget accurately reflect the costs for the KPMG single audit and the costs for the CAFR in the 2008-09 FY?

(Pg. 50-3) Auditing Operations Measures and Targets

	2005-06 <u>Actual</u>	2006-07 <u>Actual</u>	2007-08 <u>Projected</u>	2008-09 <u>Target</u>
Outputs: Units of activity directed towards Goals				
Reports on Audits of Financial Transactions	12	18	21	21

- The performance measures for the activity listed above has continually increased since the 2005-06 FY. Is the OAG currently performing in line with the 2007-08 projections?

Outputs: Units of activity directed towards Goals	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Projected	Target
Claims hearings	81	31	45	45

- The performance measures for claims hearings are projected to decrease significantly from the 2005-06 FY. Have the number of appeals of the Law Department declined?

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